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SUBJECT: Promoting Business, Education Ties with Zhuhai

REFS: GUANGZHOU 000589

11. (SBU) Summary: During the Consul General's first official visit to Zhuhai October 8-9, he encouraged stronger academic and cultural ties between the coastal Guangdong city and the United States and promoted increased U.S.-China trade and investment. The CG also addressed students at Hong-Kong style "High Table" dinner at United International College (UIC), where school officials said China was moving away from centralized management of education (See REFTEL). Zhuhai Vice Mayor Chen Honghui and other municipal officials expressed enthusiasm about expanding economic ties with the United States and identified an upcoming trade delegation as a potential opportunity for cooperation. Local business leaders praised the city government's long-term economic vision and support for business. End Summary

Looking to Expand Trade and Investment in Both Directions

12. (U) Zhuhai Bureau of Foreign Trade and Economic Cooperation (BOFTEC) official Yan Hong agreed with the CG that the United States and Zhuhai should work together to expand trade and investment. He expressed excitement about an upcoming trip in November that Zhuhai Party Secretary Gan Lin is leading to San Francisco and Boston focused on purchasing medical equipment and other products. The CG offered the Consulate's support for the trip. Yan also highlighted clean energy as a development priority in Zhuhai and mentioned the city's 2010 boat show as another area of potential partnership. The CG agreed to work with U.S. businesses and other U.S. government agencies to find ways to cooperate in these areas.

Committed to Promoting U.S. and Zhuhai Ties

13. (U) Zhuhai Vice Mayor Chen Honghui told the CG the United States was one of the most important foreign partners for Zhuhai and that he looked forward to more U.S.-Zhuhai cooperation. Chen said that Zhuhai had the second largest number of colleges and universities in Guangdong Province, and agreed with CG that there should be more exchanges between students and faculty from China and the United States. The CG was happy to offer support for further exchanges, as well as welcome the upcoming medical products and other future trade delegations.

Local U.S. Businessman gives perspective

14. (SBU) J.J. Verdun (protect), an American businessman based in Zhuhai, explained that although Zhuhai had not developed as quickly as other Pearl River Delta (PRD) cities, officials were happy with the pace because they were focused on long-term goals while avoiding pollution, over-crowding, etc. Verdun gave major development projects in Zhuhai mixed prospects. Overall, the Hengqin Island development project, which aims to develop high-tech, service and tourism industries in the island that borders Macau, will be positive for the city, and many Zhuhai citizens are excited about the project, according to Verdun. However, he was pessimistic about the Hong Kong-Zhuhai-Macao Bridge. Although it will help Zhuhai market itself to investors, Verdun believes the tangible economic benefits will be few. He argued that truck traffic would likely only pass through Zhuhai without benefitting the local economy. With no public transportation option associated with the bridge, there is no incentive to use it rather than the current system of ferries, he said. Verdun was more optimistic about the benefits of the less publicized light rail project that will connect Guangzhou and Zhuhai. Inherently Macau cannot do for Zhuhai what Hong Kong did for Shenzhen by providing financial services, manufacturing investments, and technology/production know-how.

Foreign Investor Continues Success Despite Recession

15. (SBU) Vice-President Fu Jun (protect) of Singapore-based Flextronics told the CG that although the firm was pleased with the tremendous support and incentives it had received from the local government, he was frustrated by many inefficiencies in the Chinese government especially in protection of the environment and workers' rights. Because of these inefficiencies, his company has decided to

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be self-disciplined when it comes to dealing with these issues. Flextronics has built its own water treatment plant and is careful to make sure all of its employees are fully compensated. When the CG asked about the effects of the economic slump on the company, Fu said that although the company was much more stable than 9-10 months ago, its performance was still below pre-downturn levels. Flextronics had reached a high of 63,000 employees at the Zhuhai campus with a million-square meter factory floor, but staff has fallen 20%, and production is down 30%. Fu also expressed some concern about the company's high staff turnover rate of 30-40% annually, lamenting that the talent pool was draining from the PRD. He pointed out that 90-95% of Flextronics' employees were young migrant workers and suggested that these workers saw less need to come to coastal provinces because the quality of life was improving inland. Flextronics is battling this phenomenon with career development programs for high-skill jobs and by partnering with vocational schools and some universities to train and educate students to become workers at the company.

Helping Migrant Workers Adjust to a New Life

16. (SBU) After the meeting at Flextronics, Fu led the CG to a unique NGO community center founded specifically for migrant workers. The Zhuhai Center for Social Work Facilitators works with migrant workers to help them adjust to their new surroundings and to overcome displacement issues. It currently assists about 40 workers per day, advertising its services primarily by word of mouth. The center is the product of a unique cooperation between the government, private enterprise (Flextronics) and an NGO. Flextronics and the Zhuhai Civil Affairs Bureau fund the center. Asked what the biggest problem migrant workers faced, the NGO director responded that depression and loneliness were the biggest problems. The workers were making good money, but they were far away from their families and needed community support through activities and conversation.

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